Nova Scotia

BUDGET ADDRESS

by Honourable Greg Kerr
Minister of Finance

Nova Scotia
House of Assembly
for the fiscal year
1991-92

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Nova Scotia

NOVA SCOTIA
HOUSE OF ASSEMBLY
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BUDGET ADDRESS

PROVINCE OF NOVA SCOTIA
1991-92

HONOURABLE GREG KERR
MINISTER OF FINANCE

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BUDGET ADDRESS

Province of Nova Scotia

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INTRODUCTION

Today I am presenting to you the province's budget for the 1991–92 fiscal year.

Difficult fiscal circumstances

In preparing the budget, the government faced very difficult fiscal circumstances.

There has been a significant slowdown in revenue growth caused by the recession and continued cutbacks in federal transfers. The increasing cost of providing social programs in the areas of health, education and social services continues to outpace the rate of growth in revenues and inflation. These factors have placed significant upward pressure on the deficit in both 1990–91 and 1991–92.

Allowing the deficit to increase unchecked would significantly increase the cost of borrowing and erode funds available for programs and services in the future.

Nova Scotians understand that tax increases are not a viable option particularly during difficult economic times. Higher taxes reduce competitiveness and stifle investment. The government's only realistic option to address the fiscal situation is to curtail spending growth.

Living within our means

The expenditure controls outlined in this budget are a necessary step to improve the province's fiscal situation over the long term. We must learn to live within our means. Public expectations for programs and services must be reduced. The ultimate result will be a downsized provincial government, where services are delivered in the most efficient manner possible. This will ensure that Nova Scotians receive the maximum benefit for their tax dollar.

A process for change

The fiscal framework that will be outlined for you today will set in motion a process for change—fundamental change necessary to reduce the cost and improve the effectiveness of government spending.

As we control spending pressures we must not jeopardize the truly essential programs needed by the people of this province.

It is the government's plan to work in consultation with Nova Scotians to set our priorities and implement changes in a realistic yet responsible manner.

It is vital that Nova Scotians understand the economic circumstances, not only of this province but of the country as a whole, which have made this year's fiscal planning exercise such a difficult challenge.

ECONOMIC ENVIRONMENT

Economy slowed considerably—1990

The Nova Scotia economy slowed considerably in 1990, achieving real growth of only 1.6 percent. This represents approximately half of the rate of real economic growth experienced during 1989.

The notable exception to the generally weak performance last year was the construction industry. Real output gains of 7 percent were experienced for the total construction sector in 1990. Non-residential construction activity was once again the driving force behind this growth with capital and repair expenditure increases of 12.1 percent over 1989 levels.

Residential construction expenditures posted more moderate increases of 3.2 percent for the year with total housing starts at 5,560 units.

Transportation, on the other hand, was affected by cutbacks in rail passenger service in 1990. The resulting decline in transportation activity to and from the region has served to further dampen economic activity within the province this past year.

The Port of Halifax handled 17.3 million tonnes of cargo in 1990, an increase of 3 percent over the previous year. The gains came almost entirely from bulk cargo, while container tonnage shipments remained constant at 1989 levels.

Manufacturing employment declines

Manufacturing real output recorded a modest overall growth of 2.5 percent in 1990. Employment within the manufacturing sector, however, averaged 42,000 persons, a net loss of approximately 4,000 jobs when compared with the previous year.

The fishery experienced another unsettling period in 1990 with the number of employed declining by approximately 1,000 during the year. Real output experienced a marginal decrease over the 1989 level. Fundamental changes that have occurred during the recent years in this sector will likely mean lower levels of activity and output in the future.

The forestry sector endured declines in real output of 9.3 percent last year. Pulpwood production declined in the face of lower wood pulp and newsprint production and weaker prices.

Agriculture, once again, remained stable throughout last year.

On the service side, consumer caution contributed towards a weak performance in retail trade last year. After taking inflation into account, the value of retail sales actually declined by an estimated 3.2 percent below 1989 levels. Automobiles, furniture and other durable good sales slumped because of high interest rates and the recession. Personal and corporate bankruptcies increased by 44.5 percent in 1990, and several retail outlets closed during the year.

Tourism experienced a slow year in 1990 as well. The total number of visitors decreased below 1989 levels, particularly from national and international routes.

In spite of the overall modest growth in the Nova Scotia economy last year, the unemployment rate rose slightly to 10.5 percent as strong labour force growth outpaced employment gains.

Slow recovery for 1991

Economic prospects for 1991 point to a slow recovery from the current recession. Nova Scotia's economy is forecast to achieve marginal growth compared to real output declines at the national level.

Offshore drilling will provide one of the bright spots in mining this year. Upwards of six exploration and development wells are planned for 1991 in conjunction with the Cohasset-Panuke oil field development project. Production start-up is scheduled for 1992.

Housing starts for the year, however, are expected to decline to 4,800 units reflecting, in part, a shift from the construction of single dwelling to multiple units. It is expected that annual housing starts will average 5,000 units over the next few years.

Activity through the Port of Halifax is expected to decline for the first time since 1985. First-quarter figures for 1991 indicate a decrease in total tonnage handled of 16.7 percent as compared to the same period last year.

Generally, most sectors of our economy will remain stable or achieve only modest gains during 1991.

A slow recovery and loss of permanent jobs resulting from structural changes within our economy will dampen economic activity in Nova Scotia this year. This will place a considerable strain on the fiscal resources of the province.

FISCAL SITUATION 1990–91

The budget of one year ago called for a continuation of the deficit reduction strategy, which had proven successful during the past years. The operating deficit of the province was targeted to be $27.4 million for the year.

However, due to the unanticipated depth of the current recession, which has impacted all of Canada during the past several months, the deficit is now forecast to be $132.7 million in 1990–91.

Significant revenue declines

Ordinary revenues of the province for 1990–91 are forecast to be $85 million lower than initially estimated.

Health Services Tax revenues are forecast to be $66 million below levels anticipated in last year's fiscal plan. The new federal Goods and Services Tax, interest rates and general economic conditions were major factors contributing towards the drop in consumer and business confidence and the decline in business and retail sales.

Corporate Income Tax revenues in Nova Scotia also decreased a substantial $30 million below estimated levels reflecting the country-wide recession and the decline in corporate incomes.

At the same time that revenue growth slowed, expenditure pressures increased in Nova Scotia as a result of the difficult economic circumstances occurring within our province. Ordinary expenditures are forecast to be approximately $47 million above last year's budget estimate.

Additional expenditure requirements

Significant additional requirements were encountered in the areas of health, education, community services and the provision for loan losses.

Net capital expenditures, on the other hand, were less than last year's estimate. Total net capital expenditures are now forecast to be $24.5 million less than estimated one year ago at a level of $260.9 million.

FISCAL PLAN 1991–92

Difficult decisions necessary

In setting the budget for 1991–92, the government had to make some very difficult, but necessary, spending decisions. The fiscal environment for this

year will be affected by continuing recessionary pressures, which will slow the rate of growth in provincial revenues.

Continued reductions in federal transfers

The message from the federal government is also quite clear. In its 1991 Budget, the Government of Canada chose to continue to ease its deficit problem by extending the freeze in transfers to provinces for the delivery of essential health and post-secondary education programs to 1994–95.

Since 1982-83, the cumulative loss in federal transfers to Nova Scotia for health care and post-secondary education is expected to reach $1.5 billion by 1994–95.

In addition, the federal government continues to impose a cap on equalization despite collective opposition from all recipient provinces who depend on these payments to help provide basic levels of service. The cap has cost the Province of Nova Scotia approximately $250 million between 1988–89 and 1991–92.

Presently negotiations are under way with the federal government concerning the renewal of the program for the 1992–97 period. Provinces will once again be raising their concerns with respect to the cap on equalization and the formula in general during this process.

Declining federal support for programs and services

As well, there are several other areas where the federal government has decreased, or is taking steps to decrease, its financial commitment to Nova Scotia. This increases the financial burden on our province.

Some examples include:

- The federal government's proposal to reduce its share of associated costs for the federal-provincial contract for RCMP policing services to rural parts of Nova Scotia. Based on the latest federal offer, which proposes to reduce its participation from 30 percent to 25 percent of the cost of providing RCMP policing services, the province will be forced to absorb an additional $5.4 million per year over a 10-year period.
- The federal government's commitment to cost-shared funding to the province under the Young Offenders Act has been frozen at 1988–89 levels for five years. It is projected that this freeze will amount to a loss of over $16 million in federal support to Nova Scotia for this program.
- The redirection of federal funding for employment training programs away from community colleges and training institutions continues to have a serious impact. Over the last four years, the federal commitment to programs in these provincial education facilities has decreased from $22 million to $12 million. Over the next three years, that funding is anticipated to decrease by at least another 20 percent.

The declining financial support from the federal government for programs and services in Nova Scotia has placed increasing pressure on provincial own-source revenues to make up the shortfall. At the same time spending pressures on government have continued to escalate.

Expenditures on social programs one of fastest growing areas of provincial spending

Social programs encompassing health, education and social services have been one of the fastest-growing areas of provincial spending over the past decade. They have outpaced the growth in inflation, provincial revenues, and other program spending.

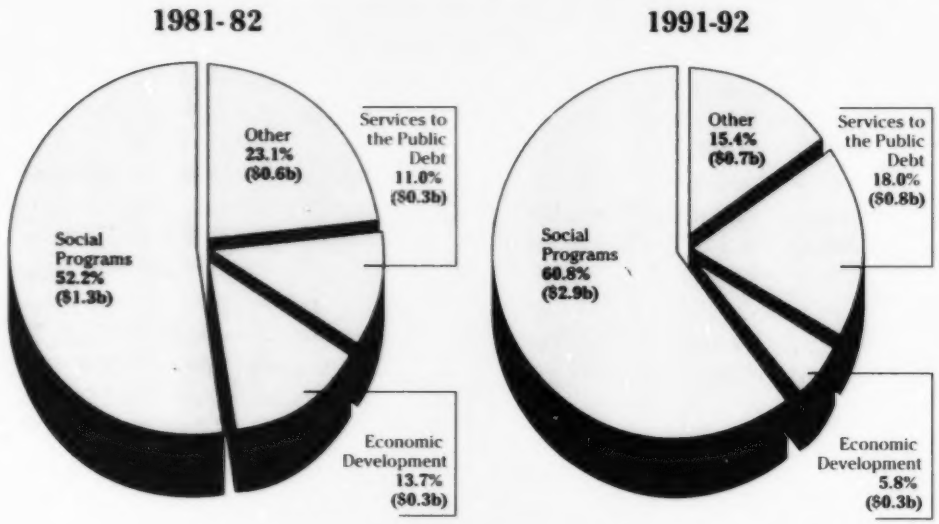
During and immediately following the recession of the early 1980s, the province decided to incur deficits rather than dramatically reduce health, education and social service spending.

Debt servicing costs increase significantly

Financing those deficits has meant increased borrowing and a significant increase in the annual cost of servicing that debt. Debt servicing costs account for 18 percent of total expenditures in 1991–92.

The substantial increase in both debt servicing costs and social programs has meant that a decreasing share of the province's budget has been available for investment in other critical areas such as economic development, justice and the environment.

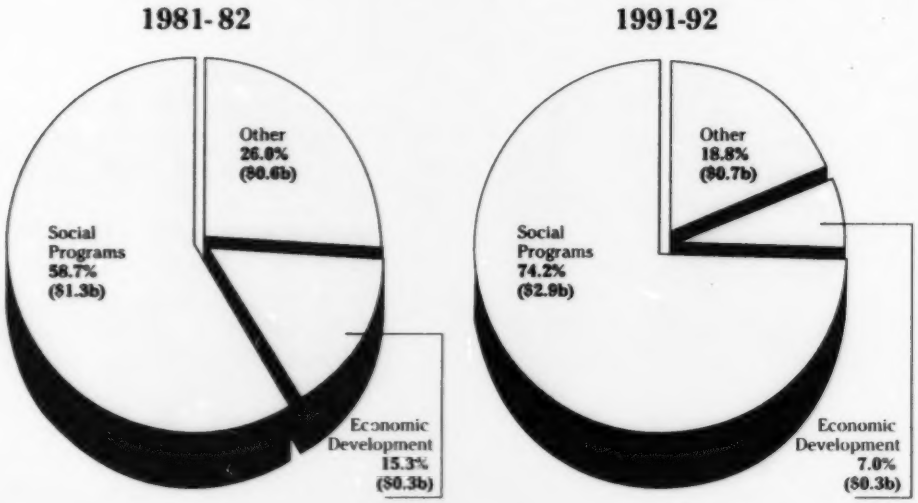
TOTAL EXPENDITURES BY FUNCTION
(As a Percent of Total Spending)



Social Programs include health, education and social services

On the program side alone, the cost of health, education and social services accounts for 74.2 percent of total program spending in this fiscal year. This compares to 58.7 percent only a decade ago.

EXPENDITURES BY FUNCTION
(As a Percent of Total Program Spending Excluding Cost of Borrowing)



Social Programs include health, education and social services

This shift cannot continue. We must streamline delivery systems and live within our means.

Over the past several weeks we have witnessed many other provinces struggling with similar pressures as they have presented their budgets. The measures that have been put in place to address these challenges have ranged from massive expenditure cuts and layoffs to substantial increases in deficit levels.

The consequences of both extremes are not without their costs. There is no single solution to the pressures governments currently face that can ease the fiscal imbalance without affecting some programs and services.

Nova Scotia's deficit would have increased to over $400 million in this year if no action had been taken. This was due substantially to the growing cost of social programs.

Given the cost of carrying high deficits and the impact this has on funding for future programs and services, this was not a viable option.

Deficit remains a major problem

Nova Scotia's operating deficit for 1991–92 will be $191.8 million. This represents a substantial decrease over the $400 million deficit we were facing when we began this exercise.

Achieving this lower deficit target for 1991–92 has been a difficult task. It is required that we take certain cost-saving measures in this year's fiscal plan.

WAGE RESTRAINT

One of the most significant elements of overall expenditures is the cost of wages and salaries for over 40,000 public sector employees. This cost not only drives the level of funds required to directly support government departments, but also forms the largest component of provincial government grants to numerous public sector entities such as hospitals, universities and school boards.

In assessing this large cost factor, the government was faced with difficult decisions to contain and reduce this expenditure item.

Substantial layoffs not a viable option

Substantial layoffs were not considered a viable option as there would be an immediate impact on the ability of government to provide many necessary services. As well, an increase in the number of unemployed Nova Scotians would have resulted in further economic hardships for several regions of the province that are already suffering the effects of the recession.

To help alleviate the serious financial situation in the least disruptive manner for individuals and service delivery, the government has opted to impose a wage freeze. This will allow time to review and adjust program delivery structures and long-term program spending priorities.

Wage freeze necessary

Effective immediately, a wage freeze will be imposed for two years on all public sector groups. Increases scheduled in collective agreements or compensation plans to take effect after today's date will be deferred for a period of two years from their planned date of implementation. The freeze on salaries for MLAs and Ministers, which was already implemented in January 1991, will be extended for a further two years. This will result in a total freeze on salaries for MLAs and Ministers for a three-year period. Legislation will be introduced in the House to reflect this measure.

For collective agreements that have expired prior to the introduction of this wage freeze and where negotiations have not yet been completed, wage adjustments similar to those received by other public sector groups will be provided by the legislation. The freeze period in these situations will

commence on the anniversary date of the final legislated adjustment. For non-unionized compensation plans in similar circumstances, the same process will apply.

Maximum fairness applied

To provide maximum fairness the wage freeze will apply to all employees and elected and appointed members of the following: provincial and municipal governments, crown corporations, school boards, community colleges, universities, hospitals, homes for special care and judges of the Provincial and Family Courts. The freeze will also apply to Medical Tariff Fees.

During the past year, the Province of Nova Scotia implemented pay equity in the Civil Service. Existing legislation provided for the expansion of this program over the next four years. While our commitment to the principle of pay equity remains firm, the cost to implement this measure is substantial.

Due to the difficult fiscal pressures we are currently facing, the province must delay Phase II, and the further implementation of Phase I, under the Pay Equity Program for two years. To proceed as we had originally planned would, at this point, require significant employee layoffs in order to free the fiscal resources necessary to finance this measure.

The only way the province could have achieved the salary savings resulting from these wage restraint measures would have been to lay off approximately 900 people this year. The implications for 1992–93 would have been even greater.

As difficult as these measures are, they are preferable to massive layoffs and are critical to the achievement of our fiscal objectives.

SOCIAL PROGRAM COSTS

Cost of social programs serious concern

The cost of providing social programs to Nova Scotians is a serious concern to the province. One of the fastest growing cost components of health care has been the provincial Pharmacare Program. Prior to measures announced in last year's budget, pharmacare costs for seniors alone had grown at an average rate of 16 percent per year since 1981–82, more than three times the average annual rate of inflation during this period.

In the 1990–91 fiscal plan, the government introduced a $3 per prescription payment for seniors to curtail the increasing costs of this program.

Despite the introduction of co-pay, pharmacare costs for seniors amounted to $70 million in 1990–91. Given the substantial cost of benefits under this program, the government is raising the co-pay for seniors from $3 per prescription to 20 percent co-pay per prescription, with a minimum co-payment of $3. This change to seniors' Pharmacare will be effective May 19, 1991. The co-pay provisions will now apply to prescriptions for those seniors resident in nursing homes effective June 1, 1991. The maximum annual co-pay for Pharmacare will remain at $150 per year.

Even with these changes, our pharmacare program for seniors remains among the most generous in the country.

Pharmacare extended to all Family Benefit recipients

To target pharmacare assistance to those in greatest need, we will be extending pharmacare coverage to include all family benefit recipients and their dependants effective September 1, 1991. Family benefit recipients and their dependants will be subject to the co-pay provisions.

These measures will ensure our resources are targeted more effectively to meet the genuine needs of Nova Scotians.

Under the Children's Dental Program, the age limit on coverage for

insured dental services will be lowered from 14 to 12 effective June 1, 1991. Of the few provinces that offer a dental program for children, Nova Scotia's is one of the most generous.

Effective June 1, 1991, program changes will be made that will reduce the frequency of insured standard eye examinations for Nova Scotians between the ages of 19 and 64 to once every two years. For seniors and those under 19 years of age, one vision analysis per person, per year, will be insured.

The Minister of Health will be providing further details over the next few days on changes to health care aimed at controlling costs.

Assistance to those most in need

The government will also be more effectively targeting its financial aid to seniors.

The Special Social Assistance Payments to senior citizens will be targeted to those who receive the federal Guaranteed Income Supplement and who qualify as a result of a needs test.

The Property Tax Rebate to assist senior citizens who own and are residing in their own homes, and who are in receipt of the Guaranteed Income Supplement or Spouses Allowance, will be limited to $400 per year.

In an effort to reflect the shared responsibility of both students and government towards the cost of post-secondary education, tuition fees of $300 will be introduced this September for new students entering community colleges in the province.

This will bring Nova Scotia in line with community colleges across Canada where tuition fees have been charged since the 1960s. Nova Scotia will still have one of the lowest tuition fees for community colleges in the country. These fees will recover an average of approximately 3 percent of the total costs of delivering skills training and education programs to Nova Scotians.

Social programs continue to absorb greater share of total expenditures

Despite the difficult measures we have introduced in this year's fiscal plan, total expenditures of the province in the three essential program areas of health, education and social services have continued to escalate this fiscal year. They have increased from 72.9 percent of total program expenditures in 1990–91 to 74.2 percent in 1991–92, indicating the need for further controls to reverse this trend.

In health care alone, total spending will increase to $1.3 billion. Payments to hospitals in the province will exceed $790 million during the year. Provision of $243.4 million has been made for fees in respect of insured medical benefits.

The government has targeted $189.7 million in family benefit payments to those Nova Scotians who are in the greatest need. This represents an increase of 13.1 percent over 1990–91 levels. Payments to homes for special care will also rise by 9.2 percent to $81.3 million. Even in these difficult times we have maintained our commitment to these important social services.

Grants to school boards and universities and funds for training programs will exceed $860 million this fiscal year.

Given the tremendous cost of providing these very fundamental programs and services to Nova Scotians, it is critical that we ensure they are delivered as efficiently and cost effectively as possible.

HEALTH CARE FOR THE NINETIES

Curtailing the growth in health care spending while maintaining a system of quality hospital and medical care services is one of the fundamental challenges confronting governments. If allowed to continue to increase

unchecked, the essential services Nova Scotians have come to expect will be compromised. We will not have the resources to maintain the system.

All provincial governments are facing the same cost pressures associated with health care arising from changing demographics, technology and increasing demand and expectations for improved programs and services.

The federal government has a major role to play in the dilemma facing provincial governments. It has responsibility for the Canada Health Act, which sets the health care standards provincial programs must meet. At the same time, federal contributions towards this costly system have been decreasing significantly. The Canada Health Act discourages the provinces from using specific revenue measures to offset these cutbacks.

Need for fundamental changes to health care system

In Nova Scotia we recognize the need for fundamental change in the health care system. Early this year, the government released its "Health Strategy for the Nineties," which reflects the government's response to the recommendations of the Royal Commission on Health Care.

The strategy provides a blueprint intended to achieve optimal health outcomes and more efficient management of health care resources. The focus in the coming years will be on health promotion, disease prevention and reductions in acute care costs.

OUR EDUCATIONAL SYSTEM

Education spending is a key investment in the province's economic future. A highly educated and well-trained population provides the Nova Scotia business community with the ability to compete in the global economy.

The growth in education spending has been substantially higher than the rate of inflation over the last 10 years. This rapid growth requires a fundamental examination of the way the government spends its education dollars in relation to the quality of education Nova Scotians receive. Canada spends a higher proportion of its Gross Domestic Product on public education than Japan, the United States or the United Kingdom, yet 50 percent of Canadians feel that the government receives only fair or poor value for its education dollar.

It is well known that Nova Scotia's university spending ranks among the highest on a per capita basis in Canada, yet is among the lowest on a per student basis. This reflects the fact that the province has 13 degree-granting institutions resulting in considerable administrative costs and duplication and overlap in programming.

Rationalization of university programs and administration

Important dialogue with the universities is under way regarding a rationalization of programming and administration at the various institutions. This dialogue and review, which has been ongoing for some time, must soon lead to substantive changes. These changes are necessary to ensure quality university programs for Nova Scotia students and the effective utilization of taxpayers' resources for university education.

In recent years the development of the community college system has been an important element of the province's education policy. Efforts are being concentrated on rationalizing programs to eliminate unnecessary duplication and under-subscribed programs. Efforts will continue to respond to regional labour needs and focus on strengthening centres of specialization in skills training.

Given our limited resources, all parties involved in the delivery of education must work to improve the efficiency and effectiveness of the

education system. We must strive for high quality education that prepares Nova Scotia's young people to compete in the global economy.

To ensure success we must commit to careful planning, thorough dialogue and a willingness to accept change.

ESSENTIAL SOCIAL SERVICES

Governments clearly have a responsibility to take care of those who cannot provide for themselves. The government remains strongly committed to these goals.

Spending on social services in the province has increased significantly over the last 10 years, averaging approximately 10 percent annually.

Contain growth now to meet future demands

We must find ways to contain this growth in spending to ensure we have the resources to meet future social demands.

Curtailing spending increases in this area is not an easy task, especially during difficult economic times. Generally, the costs of income support programs increase in relation to a downturn in the economy.

A key factor in reducing the demand for social services is to improve the economic opportunities for Nova Scotians. The creation of a strong, vibrant economy with more job opportunities is the most viable long-term solution to reduce dependence on social services.

The government must approach the fiscal challenges in this area by ensuring that programs assist those with the greatest need. It must also ensure that the various agencies and groups delivering social programs to Nova Scotians operate in an efficient, effective and coordinated manner. We must ensure that a greater proportion of provincial funds are used for programs rather than administration.

EFFICIENCY IN GOVERNMENT

While this budget emphasizes the need to curtail growth in social program costs, the government must also examine all other expenditure areas to reduce the overall administrative burden.

It is clear that there is too much government activity in Canada. Federal, provincial and municipal governments are involved in a wide range of programs and services that often overlap and duplicate each other. Large bureaucracies and administrative structures surround these activities and take valuable fiscal resources away from important programs.

Nova Scotia has 66 municipalities with hundreds of elected officials and overlapping administrative structures. This is being widely questioned as unnecessary for a province of less than 900,000 residents.

After extensive pressure from provincial Ministers of Finance, the federal government has finally agreed to participate in a joint study of the cost of government and expenditure management. While this review will attempt to determine ways to control government cost pressures, it will also examine areas of duplication and overlap between the two jurisdictions. This will identify areas where federal and provincial policies conflict or are in competition with each other, with the objective of reducing waste and inefficiency within both governments.

In Nova Scotia we are strongly committed to a smaller and leaner government and have undertaken several important initiatives in this regard.

Committed to a smaller and leaner government

The announced amalgamation of several departments results in fewer Cabinet Ministers and administrative positions. Besides administrative cost savings, it will provide for better policy coordination and planning.

As well, we will be streamlining and reducing the number of boards and commissions. This will decrease administrative costs and also alleviate some of the regulatory burden on the private sector.

This year's budget provides funding for 300 fewer staff than one year ago. This reduction has been achieved primarily from existing vacancies and casual staff.

The Early Retirement Plan recently announced should further reduce the number of employees in the Civil Service by several hundred in the coming months.

The government has chosen to eliminate positions through attrition and an Early Retirement Plan to minimize the number of people actually laid off.

The government will be undertaking an extensive review of privatization and contracting options with the private sector. The fiscal, economic and social implications of these options will be considered carefully. Consultation with affected groups will be part of this process to determine whether this will provide significant cost savings and a much-needed boost to the economy.

Government reviewing privatization

The downsizing of government is critical to ensure that the tax dollars of Nova Scotians are spent in the most efficient and effective manner possible.

ECONOMIC INVESTMENT

The increasing share of provincial revenues that have been required to finance social programs throughout the past decade has greatly restricted the funds available for economic investment in the province.

Economic development funds for 1991–92 have declined below last year's level and are actually less than the money allocated towards these initiatives one decade ago. At the same time, provincial tax rates have been increased to offset the increasing costs of social programs and the impact of declining federal transfers.

This trend cannot continue. We must strengthen Nova Scotia's economic base to ensure it remains competitive in the changing national and international markets. Building a strong and competitive economic environment assists business to develop and prosper in the province. It leads to the development of an expanded tax base necessary to fund essential programs and services for Nova Scotians in the future.

Strengthen Nova Scotia's economic base

The diversity of our economic base as well as the presence of a strong private sector provides us with tremendous opportunities for future development. The confidence in our economic future is reflected in capital investment projects planned by both the public and private sector during these difficult times. These projects provide much-needed jobs and infrastructure in our province.

Strong private sector key to economic development

In the past, the government has used a wide range of grants and loans to develop and expand the private sector in the province. While many such initiatives have been successful, others are being questioned. The government will be reviewing the effectiveness of its many grant and loan programs.

The government also encourages economic investment by developing the

infrastructure necessary for our private sector to operate and compete in today's international marketplace. In last year's budget we established a Transportation Trust Fund for the construction and upgrading of our major highways including the twinning of Highway 104. A number of other major capital projects are under way, which will not only develop important infrastructure, but provide much-needed jobs and activity in the provincial economy.

An equally important factor that will attract and maintain investment in the province is a stable tax environment. For this reason, it is important for the province to balance its budget so that efforts can be made to actually lower provincial tax rates in the future.

No tax rate increases

Because higher tax rates will drive investment out of the province and discourage new private sector initiatives, there will be no increases in tax rates this year.

MULTI-YEAR PLANNING AND BUDGETING

It is obvious that the fiscal situation confronting the province is serious. We are committed to balancing the operating budget and to reducing overall borrowing requirements. We must achieve this commitment if we are to protect our ability to provide government programs and services in the years ahead.

The deficit will be significantly reduced next year and completely eliminated in 1993–94.

This will not be an easy task as evident from the difficult measures contained in this budget. It will require changes in the way the government determines its priorities and allocates its resources.

The present budgeting system, with its one-year focus, does not facilitate the planning for major changes that require a longer time frame to implement. For this reason a process is under way to introduce a three-year planning and budgeting system for use in the preparation of next year's budget.

Program spending to grow by less than 2 percent annually

In 1992–93 and 1993–94, total program spending will continue to be severely constrained. Funds allocated to programs, including health, education and social services, will grow by less than 2 percent in each of the next two fiscal years.

In September 1991, departmental allocations will be assigned based on government program priorities and these spending limits. Departmental budgets will then be prepared according to these allocations. The context in which these budgets are developed will obviously involve downsized or streamlined operations and program reductions and/or elimination.

These spending limits over the next two years will also apply to funding for school boards, universities, hospitals and other agencies funded by government. Agencies and institutions will be required to adjust their programs and administrative and delivery systems to keep costs within these limits.

The full-year impact of the public sector wage freeze will facilitate meeting these objectives. The consolidation of government departments and agencies and a review of government programs and services will also be an integral part of the process of reducing the overall cost of government.

Restraint must also apply to capital construction projects. The demands for, and the costs of, capital construction for schools and hospitals are

substantial. The government will be undertaking an in-depth review of the planning and funding for hospital and school construction.

This will not be easy, but it must be accomplished. The costs of government programs must be brought within the fiscal resources available.

PUBLIC CONSULTATION PROCESS

The difficult choices we are now facing make it imperative that Nova Scotians have an active role in the planning process leading to program change. For this reason, the provincial government recently embarked upon a series of public consultations across the province to advise citizens of the current fiscal situation and to seek their input into ways to achieve cost savings.

Generally, Nova Scotians welcomed the opportunity to become informed and recognized the seriousness of the situation. They offered many sound and thoughtful suggestions for government action.

Many recognized the need for the downsizing of government. This means smaller, more efficiently run administrative structures, which preserve funds for programs. Several also recognized the need for improvements to the province's economy if we are to expand our tax base and provide funds for financing social programs in the future.

More importantly they recognized that the problems will not be solved quickly and will require ongoing dialogue and a planned approach to change.

Continuing the dialogue with Nova Scotians

For this reason, the government is committed to continuing this dialogue with Nova Scotians in the months ahead. We will be reviewing the issues and developing a plan to initiate a second round of consultations.

Nova Scotians must be actively involved in the dialogue surrounding the difficult choices and decisions we must make. We need their advice and assistance to ensure that the program and service changes we make during these difficult times are in keeping with the priorities of our citizens. We are firmly committed to an ongoing consultative process as the only effective way to achieve the fiscal objectives we have set.

CONCLUSION

These are difficult times. If we are to live within our means and ensure that Nova Scotians get maximum benefits for their tax dollars, we must take the action outlined in this budget. We have strived to be fair and equitable in the initiatives taken to address the fiscal problems confronting us.

This budget emphasizes the need for change. Changes are occurring across the country and, indeed, around the world.

Canada is facing a number of constitutional issues that could result in some fundamental realignment of our government structures and institutions. The Maritime provinces are examining ways to cooperate economically to strengthen our regional economy and reduce the administrative burden of our governments. Economies around the world are changing dramatically, requiring our local economy to adapt and become more competitive.

Nova Scotians must recognize the seriousness of these changes and be actively involved in the important decisions that will be made.

While change can be unsettling, it can also offer tremendous opportunities—opportunities to develop a stronger private sector and a more efficient government.

Nova Scotia has the potential to adjust and benefit from some of the major changes that are taking place. We have a capable private sector, a diversified economic base and a dedicated labour force.

While today's budget reflects some difficult decisions, they are critical to ensure we have the resources to meet future social demands and to improve economic opportunities for Nova Scotians.

FINANCIAL AND SUPPLEMENTARY INFORMATION

to the Budget Address 1991-92

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ESTIMATES 1991-92 SUMMARY

BUDGETARY REQUIREMENTS – SUMMARY

Schedule 1

ACTUAL 1989-90	FORECAST 1990-91		ESTIMATE 1991-92
		CURRENT ACCOUNT	
3,773,894,282	4,057,440,400	Ordinary Expenditures	4,254,415,000
311,692,354	354,124,300	Ordinary Recoveries	393,646,300
3,462,201,928	3,703,316,100	Net Ordinary Expenditures	3,860,768,700
3,376,302,431	3,554,239,500	Ordinary Revenues	3,668,992,900
85,899,497	149,076,600		191,775,800
24,146,461	16,343,000	Prior Years' Adjustments – Federal-Provincial Fiscal Arrangements	–
61,753,036	132,733,600	Excess of Current Operating Expenditures over Revenues and Recoveries	191,775,800
100,823,971	99,944,000	Sinking Fund Installments and Serial Retirements	107,965,900
		CAPITAL ACCOUNT	
399,063,035	297,876,300	Expenditure Program	285,565,300
63,245,296	36,981,900	Recoveries	22,510,900
335,817,739	260,894,400	Net Capital Expenditures	263,054,400
40,294	44,000	Advances under the Appropriations Act	45,000
335,858,033	260,938,400		263,099,400
498,435,040	493,616,000	Net Budgetary Requirements	562,841,100
(1,855,313)	39,582,200	Net Increase (Decrease) in Advances and Investments	36,821,800
496,579,727	**533,198,200**		**599,662,900**

ORDINARY REVENUES – SUMMARY

Schedule 2

ACTUAL 1989-90	FORECAST 1990-91	DEPARTMENT	ESTIMATE 1991-92
		ORDINARY REVENUES	
2,290,255	2,599,800	Advanced Education and Job Training	3,442,900
912,313	831,000	Agriculture and Marketing	866,200
19,039,566	24,171,000	Attorney General	25,171,000
89,433	87,700	Community Services	90,000
30,952,903	35,281,500	Consumer Affairs	35,703,800
2,243,288	2,303,600	Education	2,462,300
766,100	798,800	Environment	943,800
3,246,854,831	3,410,675,000	Finance	3,518,791,000
180,996	176,100	Fisheries	183,100
1,099,129	1,086,500	Government Services	1,531,600
448,281	653,000	Health and Fitness	1,063,000
44,165	31,400	Housing	30,600
1,618,827	121,600	Industry, Trade and Technology	133,700
378,055	485,200	Labour	1,262,500
7,526,680	7,262,400	Lands and Forests	7,581,000
3,376,557	3,106,000	Mines and Energy	3,288,000
25,985	3,650,800	Municipal Affairs	4,036,200
2,804,069	3,242,600	Public Service	3,013,600
81,370	957,700	Small Business Development	996,000
6,928,646	6,575,800	Tourism and Culture	7,791,600
48,640,982	50,142,000	Transportation and Communications	50,611,000
3,376,302,431	**3,554,239,500**		**3,668,992,900**
		ORDINARY RECOVERIES	
16,792,831	16,963,000	Advanced Education and Job Training	16,352,600
9,575,520	9,352,700	Assistance to Universities	9,475,000
2,224,898	6,913,800	Agriculture and Marketing	3,479,600
3,702,210	3,775,000	Attorney General	3,775,000
170,274,291	196,425,100	Community Services	221,192,100
19,745	33,200	Consumer Affairs	26,500
4,779,010	5,384,500	Education	5,410,000
72,041	76,000	Environment	77,000
803,275	1,400,500	Finance	100,000
263,004	201,000	Fisheries	465,600
35,067,888	39,880,400	Health and Fitness	46,210,200
2,561,992	2,175,700	Housing	2,130,100
13,974,994	14,975,400	Industry, Trade and Technology	23,087,800
825,000	825,000	Labour	825,000
108,088	165,500	Lands and Forests	130,600
—	336,800	Mines and Energy	1,010,000
55,911	56,000	Municipal Affairs	69,800
501,755	579,700	Public Service	681,500
—	226,000	Small Business Development	69,000
49,384,009	53,785,400	Solicitor General	58,653,200
121,945	126,500	Tourism and Culture	175,700
583,947	467,100	Transportation and Communications	250,000
311,692,354	**354,124,300**		**393,646,300**

ORDINARY EXPENDITURES – SUMMARY

Schedule 1

ACTUAL 1989-90	FORECAST 1990-91	DEPARTMENT AND SERVICE	ESTIMATE 1991-92
84,519,682	88,630,700	Advanced Education and Job Training	91,325,200
215,052,007	226,973,600	Assistance to Universities	230,145,000
41,788,372	49,046,600	Agriculture and Marketing	46,295,700
38,971,367	43,732,600	Attorney General	46,289,500
411,122,837	462,222,500	Community Services	504,997,900
4,572,174	4,795,200	Consumer Affairs	4,777,600
669,300,130	701,875,500	Education	723,043,900
10,200,296	10,746,000	Environment	10,444,500
17,153,516	18,235,100	Finance	21,956,000
558,763,715	651,061,200	Debt Charges	706,961,700
6,928,027	7,446,000	Fisheries	9,269,800
47,155,470	53,278,900	Government Services	55,667,500
1,091,668,844	1,158,737,700	Health and Fitness	1,224,669,900
25,827,790	23,988,600	Housing	24,230,500
87,393,222	84,886,300	Industry, Trade and Technology	87,121,600
7,224,437	8,276,900	Labour	9,047,600
34,596,474	34,726,300	Lands and Forests	36,062,100
8,082,263	8,603,100	Mines and Energy	9,050,500
77,885,502	78,888,900	Municipal Affairs	78,761,500
62,638,504	68,924,900	Public Service	62,662,900
37,377,337	36,244,200	Small Business Development	26,607,900
64,938,012	69,319,700	Solicitor General	74,609,400
28,254,899	27,787,400	Tourism and Culture	26,636,300
142,479,405	139,012,500	Transportation and Communications	143,780,500
3,773,894,282	**4,057,440,400**		**4,254,415,000**

CAPITAL EXPENDITURES AND RECOVERIES – SUMMARY

Schedule 1

Estimate of Expenditure and Recovery of the Province of Nova Scotia
Chargeable to Capital Account for the fiscal year ending March 31, 1992

ACTUAL 1989-90	FORECAST 1990-91	DEPARTMENT	ANTICIPATED CARRY FORWARD AVAILABLE FROM 1990-91	ESTIMATE 1991-92	TOTAL PROGRAM 1991-92
		CAPITAL EXPENDITURES			
		FURNITURE AND EQUIPMENT			
1,516,734	2,419,000	Advanced Education and Job Training	—	3,008,800	3,008,800
974,906	770,000	Agriculture and Marketing	550,000	497,500	1,047,500
53,211	104,600	Attorney General	—	96,000	96,000
157,570	106,200	Community Services	—	163,300	163,300
3,390	32,800	Consumer Affairs	—	5,700	5,700
67,876	75,500	Education	—	491,300	491,300
179,072	150,000	Environment	—	144,000	144,000
5,928	27,800	Finance	—	15,400	15,400
113,989	83,000	Fisheries	22,000	78,800	100,800
2,450,088	2,750,000	Government Services	250,000	2,567,800	2,817,800
94,816	179,500	Health and Fitness	3,800	113,900	117,700
8,049	45,000	Housing	—	43,200	43,200
9,526	40,500	Industry, Trade and Technology	—	24,000	24,000
28,967	10,000	Labour	—	9,000	9,000
780,175	863,400	Lands and Forests	136,600	1,113,400	1,250,000
64,357	62,500	Mines and Energy	12,500	59,100	71,600
56,755	72,600	Municipal Affairs	4,400	27,600	32,000
94,437	62,200	Public Service	—	43,300	43,300
48,789	46,100	Small Business Development	—	40,000	40,000
34,065	60,000	Solicitor General	—	26,900	26,900
283,575	200,000	Tourism and Culture	—	188,000	188,000
65,928	55,000	Transportation and Communications	—	52,800	52,800
7,092,203	8,215,700		979,300	8,809,800	9,789,100
		OTHER			
386,887	445,000	Agriculture and Marketing	155,000	260,000	415,000
303,168	965,400	Education	452,700	33,000	485,700
1,296,195	1,165,000	Environment	—	668,400	668,400
37,563	662,000	Fisheries	—	—	—
67,505,007	35,321,500	Industry, Trade and Technology	—	31,520,900	31,520,900
39,804,103	9,595,900	Lands and Forests	585,100	8,943,700	9,528,800
1,340,332	(142,000)	Municipal Affairs	—	—	—
10,950,000	8,080,000	Public Service	—	76,800	76,800
291,787	117,700	Small Business Development	—	—	—
282,881	350,000	Solicitor General	—	500,000	500,000
2,390	—	Tourism and Culture	—	—	—
122,200,313	56,560,500		1,192,800	42,002,800	43,195,600

ACTUAL 1989-90	FORECAST 1990-91	DEPARTMENT	ANTICIPATED CARRY FORWARD AVAILABLE FROM 1990-91	ESTIMATE 1991-92	TOTAL PROGRAM 1991-92
		CAPITAL GRANTS			
1,683	—	Attorney General	—	—	—
17,126,468	8,716,100	Education	—	8,469,000	8,469,000
3,639,948	4,821,900	Environment	—	6,539,900	6,539,900
32,482,732	43,023,500	Health and Fitness	3,000,000	38,614,100	41,614,100
1,000,000	1,566,000	Industry, Trade and Technology	—	—	—
25,548,068	28,052,000	Municipal Affairs	2,357,900	27,402,100	29,760,000
5,385,115	4,966,200	Public Service	720,000	4,430,000	5,150,000
86,689	—	Solicitor General	—	50,000	50,000
7,429,605	10,933,700	Transportation and Communications	—	10,251,300	10,251,300
92,700,308	102,079,400		6,077,900	95,756,400	101,834,300
149,132,812	111,396,700	TRANSPORTATION	9,145,800	97,150,500	106,296,300
27,937,399	19,624,000	PUBLIC WORKS AND SPECIAL PROJECTS	5,376,000	19,074,000	24,450,000
399,063,035	**297,876,300**	**Total Capital Expenditures**	**22,771,800**	**262,793,500**	**285,565,300**
		CAPITAL ADVANCES			
40,294	44,000	Agriculture and Marketing	—	45,000	45,000
40,294	**44,000**	**Total Capital Advances**	**—**	**45,000**	**45,000**
399,103,329	**297,920,300**	**Total to Be Voted under the Appropriations Act**	**22,771,800**	**262,838,500**	**285,610,300**
		CAPITAL RECOVERIES			
		FURNITURE AND EQUIPMENT			
500,000	250,000	Advanced Education and Job Training	—	658,800	658,800
500,000	250,000		—	658,800	658,800
		OTHER			
290,117	175,000	Education	—	—	—
37,779,094	15,321,900	Industry, Trade and Technology	—	10,028,500	10,028,500
—	224,100	Lands and Forests	—	60,000	60,000
38,069,211	15,721,000		—	10,088,500	10,088,500
		CAPITAL GRANTS			
1,134,051	1,804,400	Transportation and Communications	—	1,467,300	1,467,300
1,134,051	1,804,400		—	1,467,300	1,467,300
21,499,374	19,206,500	TRANSPORTATION	—	10,296,300	10,296,300
2,042,660	—	PUBLIC WORKS AND SPECIAL PROJECTS	—	—	—
63,245,296	**36,981,900**	**Total Capital Recoveries**	**—**	**22,510,900**	**22,510,900**

STATUTORY CAPITAL ITEMS – SUMMARY

Schedule 5

ACTUAL 1989-90	FORECAST 1990-91	CAPITAL ADVANCES AND INVESTMENTS	ESTIMATE 1991-92
		ADDITIONAL ADVANCES AND INVESTMENTS	
7,922,520	8,421,500	Fisheries Development Fund	9,000,000
54,920,335	42,549,300	Industrial Development Act	3,245,000
6,163,154	8,386,700	Industrial Loan Act	434,400
46,325,598	11,526,900	Nova Scotia Business Capital Corporation	33,806,000
17,640,670	16,500,000	Nova Scotia Farm Loan Board	18,000,000
39,386,776	33,778,600	Housing Development Fund	34,976,600
28,495,477	10,434,200	Small Business Development Fund	14,000,000
5,661,164	6,352,000	Universities Assistance Act	8,592,000
632,500	50,000	Venture Corporations Act	185,000
207,148,194	**137,999,200**		**122,239,000**
		REPAYMENTS	
9,589,409	11,805,000	Fisheries Development Fund	9,000,000
13,503,603	15,560,000	Industrial Development Act	6,700,000
71,200,460	—	Industrial Estates Limited	—
5,774,573	5,071,400	Industrial Loan Act	6,310,700
230,250	228,200	Municipal Hospitals Loan Act	191,200
1,372,665	1,084,100	Municipal Loan and Building Fund Act	947,800
198,545	6,713,000	Nova Scotia Business Capital Corporation	6,650,500
12,736,151	8,400,000	Nova Scotia Farm Loan Board	8,400,000
40,750,183	37,195,700	Housing Development Fund	34,944,900
48,031,340	4,638,000	Nova Scotia Power Corporation Act	3,450,000
3,765,693	3,114,500	Small Business Development Fund	3,390,100
—	2,383,000	Universities Assistance Act	3,472,000
150,075	484,100	Venture Corporations Act	—
1,700,560	1,740,000	Miscellaneous	1,960,000
209,003,507	**98,417,000**		**85,417,200**
3,202,137	**1,000,000**	CAPITAL EXPENDITURE	**3,000,000**

NOTE: Statutory Capital Items for which no vote is required under the Appropriations Act.

FINANCIAL STATISTICS

HISTORICAL ANALYSIS OF GROSS REVENUES BY SOURCE

Schedule 6

	1987-88	1988-89	1989-90	FORECAST 1990-91	ESTIMATE 1991-92
Provincial Sources (thousands of dollars)	1,875,693	2,021,345	2,149,313	2,259,776	2,365,190
Income Taxes	809,981	893,175	931,485	1,000,025	1,064,062
Health Services Tax	612,086	660,448	639,786	636,000	667,000
Tobacco Tax (1)	—	—	76,332	118,000	125,000
Motive Fuel Taxes	116,406	118,497	124,851	140,500	144,000
Liquor Commission Profits	84,056	80,759	83,349	76,500	79,500
Interest Revenues	73,530	79,179	92,378	73,161	70,471
Registry of Motor Vehicles	40,318	41,554	47,546	49,077	49,546
Other Provincial Sources	139,316	147,733	153,586	166,513	165,611
Federal Sources (thousands of dollars)	1,252,363	1,437,666	1,530,006	1,596,553	1,607,812
Equalization	686,068	816,195	897,003	975,179	970,300
Established Programs Financing	349,081	347,192	351,882	333,283	331,252
Shared Cost Programs	214,461	272,851	278,694	285,676	303,909
Other Federal Sources	2,753	1,428	2,427	2,415	2,351
Other Recoveries (thousands of dollars)	79,541	88,238	96,067	105,359	112,148
Total Gross Revenues	**3,207,597**	**3,547,249**	**3,775,386**	**3,961,688**	**4,085,150**
Provincial Sources (as a percent of Total Gross Revenues)	58.5	57.1	56.9	57.1	57.9
Income Taxes	25.3	25.2	24.7	25.2	26.0
Health Services Tax	19.1	18.6	16.9	16.1	16.3
Tobacco Tax	—	—	2.0	3.0	3.1
Motive Fuel Taxes	3.6	3.4	3.3	3.6	3.5
Liquor Commission Profits	2.6	2.3	2.2	1.9	2.0
Interest Revenues	2.3	2.2	2.4	1.9	1.7
Registry of Motor Vehicles	1.3	1.2	1.3	1.2	1.2
Other Provincial Sources	4.3	4.2	4.1	4.2	4.1
Federal Sources (as a percent of Total Gross Revenues)	39.0	40.5	40.5	40.3	39.4
Equalization	21.4	23.0	23.7	24.6	23.8
Established Programs Financing	10.9	9.8	9.3	8.4	8.1
Shared Cost Programs	6.6	7.6	7.4	7.2	7.4
Other Federal Sources	0.1	0.1	0.1	0.1	0.1
Other Recoveries (as a percent of Total Gross Revenues)	2.5	2.4	2.6	2.6	2.7
Total Gross Revenues	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

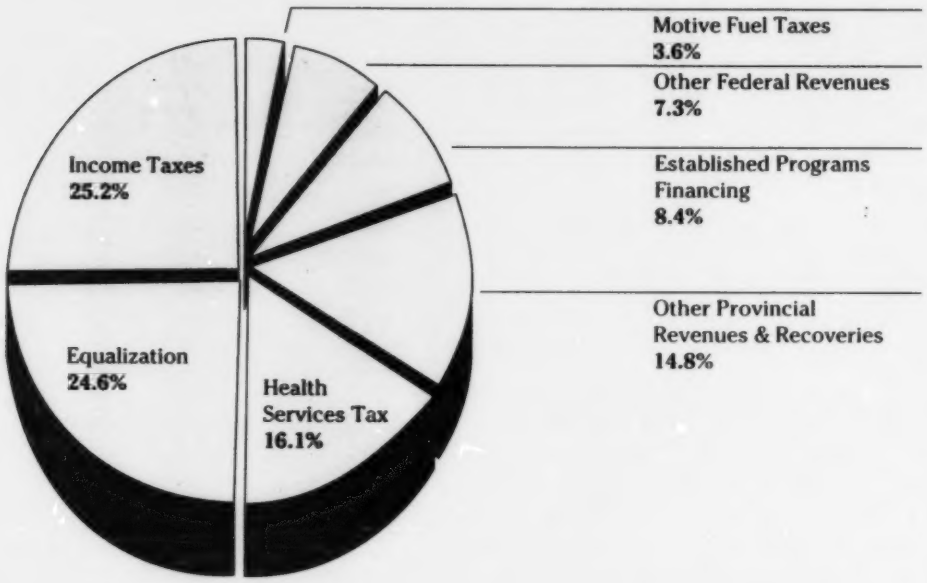
(1) Prior to 1989-90, revenues derived from the sales tax on tobacco products were included solely in the Health Services Tax.

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

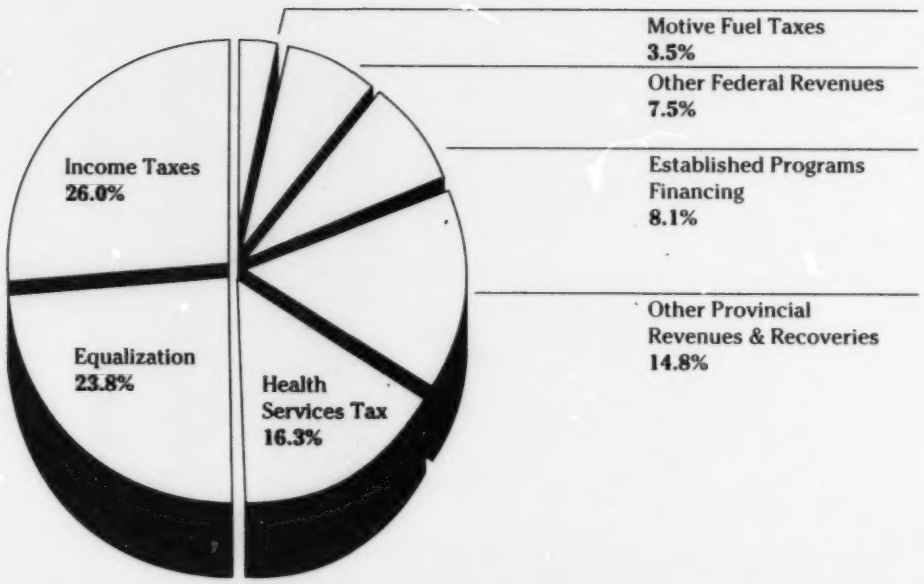
GROSS REVENUES BY SOURCE

Chart 1

1990-91



1991-92



NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

HISTORICAL ANALYSIS OF GROSS EXPENDITURES BY FUNCTION

Schedule 7

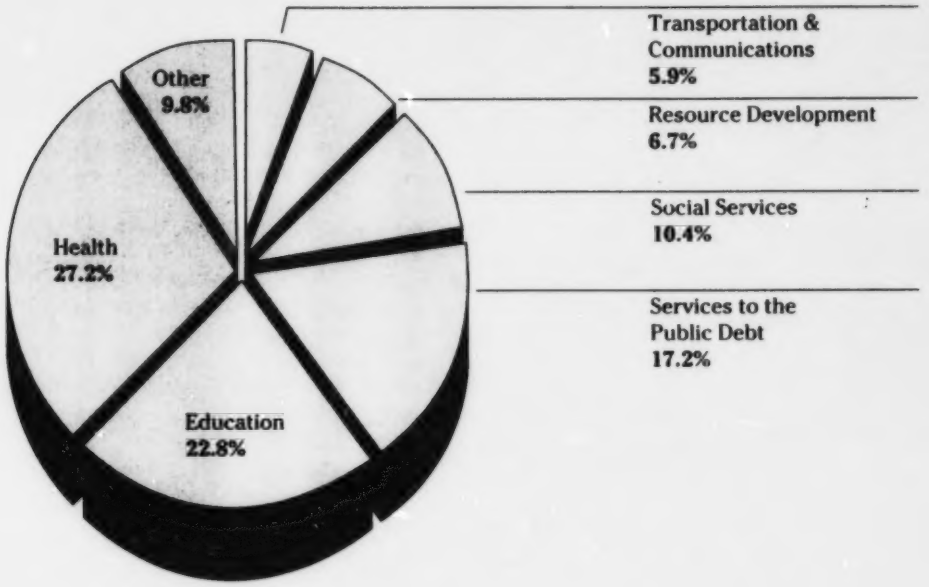
	1987-88	1988-89	1989-90	FORECAST 1990-91	ESTIMATE 1991-92
Function (thousands of dollars)					
General Government	87,121	139,670	117,228	123,188	131,353
Public Protection	126,847	134,063	149,643	166,457	171,704
Transportation and Communications	226,395	268,508	307,685	266,925	268,649
Resource Development	225,127	328,072	321,836	299,369	270,654
Health	969,613	1,052,648	1,142,521	1,222,456	1,299,725
Social Services	333,155	372,068	418,018	466,572	499,932
Education	867,083	931,680	983,984	1,025,697	1,053,149
Culture and Recreation	34,178	40,232	66,262	54,039	47,413
Services to the Public Debt	652,303	651,043	671,695	774,355	842,521
Municipal Affairs	90,473	89,544	96,296	96,828	102,715
Total Gross Expenditures	**3,612,295**	**4,007,528**	**4,275,168**	**4,495,886**	**4,687,815**
Function (as a percent of Total Gross Expenditures)					
General Government	2.4	3.5	2.7	2.7	2.8
Public Protection	3.5	3.3	3.5	3.7	3.7
Transportation and Communications	6.3	6.7	7.2	5.9	5.7
Resource Development	6.2	8.2	7.5	6.7	5.8
Health	26.8	26.3	26.7	27.2	27.7
Social Services	9.2	9.3	9.8	10.4	10.6
Education	24.0	23.2	23.0	22.8	22.5
Culture and Recreation	1.0	1.0	1.6	1.2	1.0
Services to the Public Debt	18.1	16.3	15.7	17.2	18.0
Municipal Affairs	2.5	2.2	2.3	2.2	2.2
Total Gross Expenditures	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

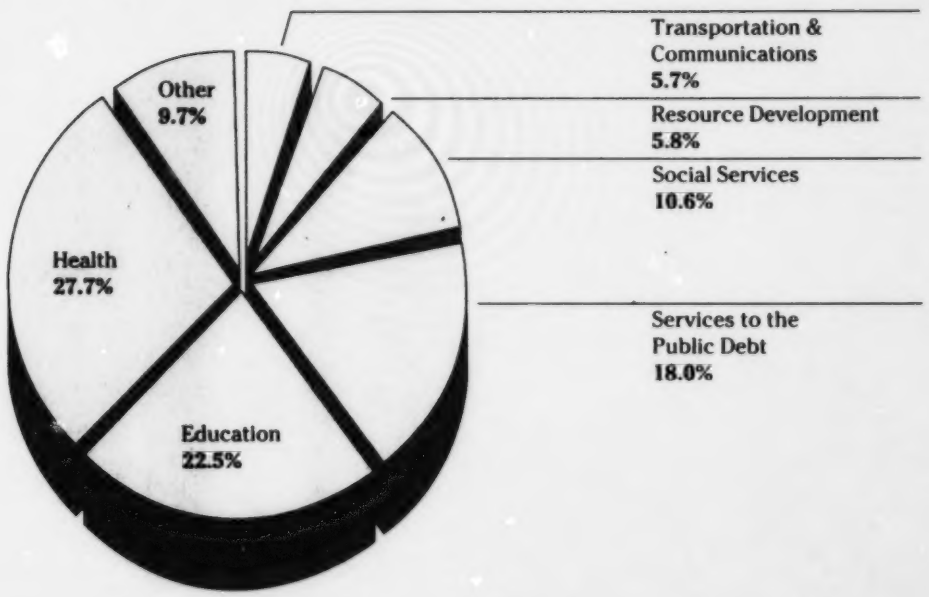
GROSS EXPENDITURES BY FUNCTION

Chart 2

1990-91



1991-92



NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

GROSS ORDINARY EXPENDITURES BY FUNCTION

Schedule 8

Function (thousands of dollars)	1987-88	1988-89	1989-90	FORECAST 1990-91	ESTIMATE 1991-92
General Government	82,712	111,700	106,943	117,465	124,577
Public Protection	116,241	131,261	147,067	163,404	168,324
Transportation and Communications	127,369	137,204	147,049	143,175	147,810
Resource Development	171,474	188,824	212,242	206,492	191,460
Health	937,473	1,020,044	1,106,544	1,172,375	1,246,597
Social Services	332,786	371,750	417,830	466,194	499,458
Education	856,265	911,548	959,684	1,008,522	1,035,194
Culture and Recreation	30,022	27,806	38,590	37,961	40,089
Services to the Public Debt	652,303	651,043	671,695	774,355	842,521
Municipal Affairs	63,421	66,372	67,074	67,441	66,351
Total Gross Expenditures	**3,370,066**	**3,617,552**	**3,874,718**	**4,157,384**	**4,362,381**

NOTE: Includes Ordinary Expenditures and Sinking Fund Installments.

GROSS CAPITAL EXPENDITURES BY FUNCTION

Schedule 9

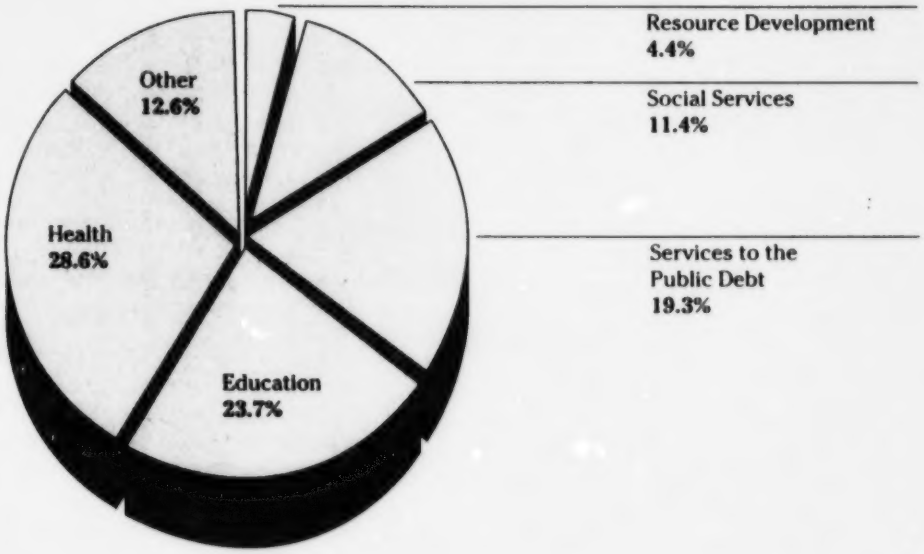
Function (thousands of dollars)	1987-88	1988-89	1989-90	FORECAST 1990-91	ESTIMATE 1991-92
General Government	4,409	27,970	10,285	5,723	6,776
Public Protection	10,606	2,802	2,576	3,053	3,380
Transportation and Communications	99,026	131,304	160,636	123,750	120,839
Resource Development	53,653	139,248	109,594	92,877	79,194
Health	32,140	32,604	35,977	50,081	53,128
Social Services	369	318	188	378	474
Education	10,818	20,132	24,300	17,175	17,955
Culture and Recreation	4,156	12,426	27,672	16,078	7,324
Municipal Affairs	27,052	23,172	29,222	29,387	36,364
Total Gross Expenditures	**242,229**	**389,976**	**400,450**	**338,502**	**325,432**

NOTE: Includes Capital Expenditures and net increase (decrease) in Capital Advances and Investments.

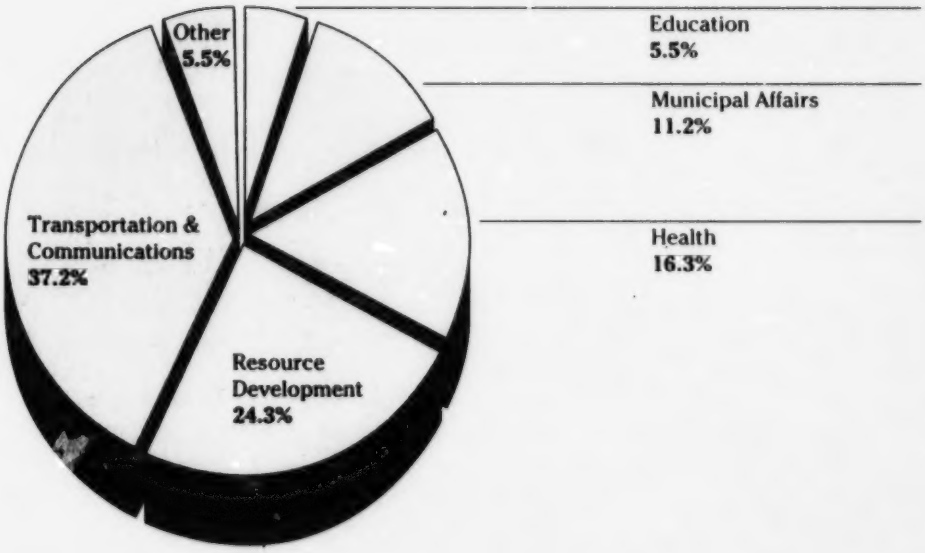
GROSS ORDINARY AND CAPITAL EXPENDITURES BY FUNCTION

Chart 3

ORDINARY EXPENDITURES
1991-92



CAPITAL EXPENDITURES
1991-92



NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increase (decrease) in Capital Advances and Investments.

TRANSFER PAYMENTS FROM THE GOVERNMENT OF CANADA

Schedule 10

(millions of dollars)

FISCAL YEAR	UNCONDITIONAL TRANSFERS[1]	CONDITIONAL TRANSFERS[2]	TOTAL TRANSFERS	ANNUAL PERCENT CHANGE	PERCENT OF TOTAL GROSS REVENUES
1981-82	799	164	963	14.0	48.6
1982-83	837	161	998	3.7	45.9
1983-84	916	178	1,094	9.6	45.2
1984-85	961	185	1,146	4.8	43.8
1985-86	962	178	1,140	(0.5)	41.3
1986-87	996	214	1,210	6.2	40.9
1987-88	1,038	214	1,252	3.5	39.0
1988-89	1,165	273	1,438	14.9	40.5
1989-90	1,251	279	1,530	6.4	40.5
1990-91 F	1,311	286	1,597	4.4	40.3
1991-92 E	1,304	304	1,608	0.7	39.4

1 Unconditional Transfers which currently include Equalization Payments, Established Programs Financing Cash Transfers and Statutory Subsidies, constitute those payments from the Federal Government that may be spent in any manner.

2 Conditional Transfers constitute those payments from the Federal Government that must be spent on the specific programs for which the transfers are made. In essence, the Conditional Transfers pertain to shared-cost programs.

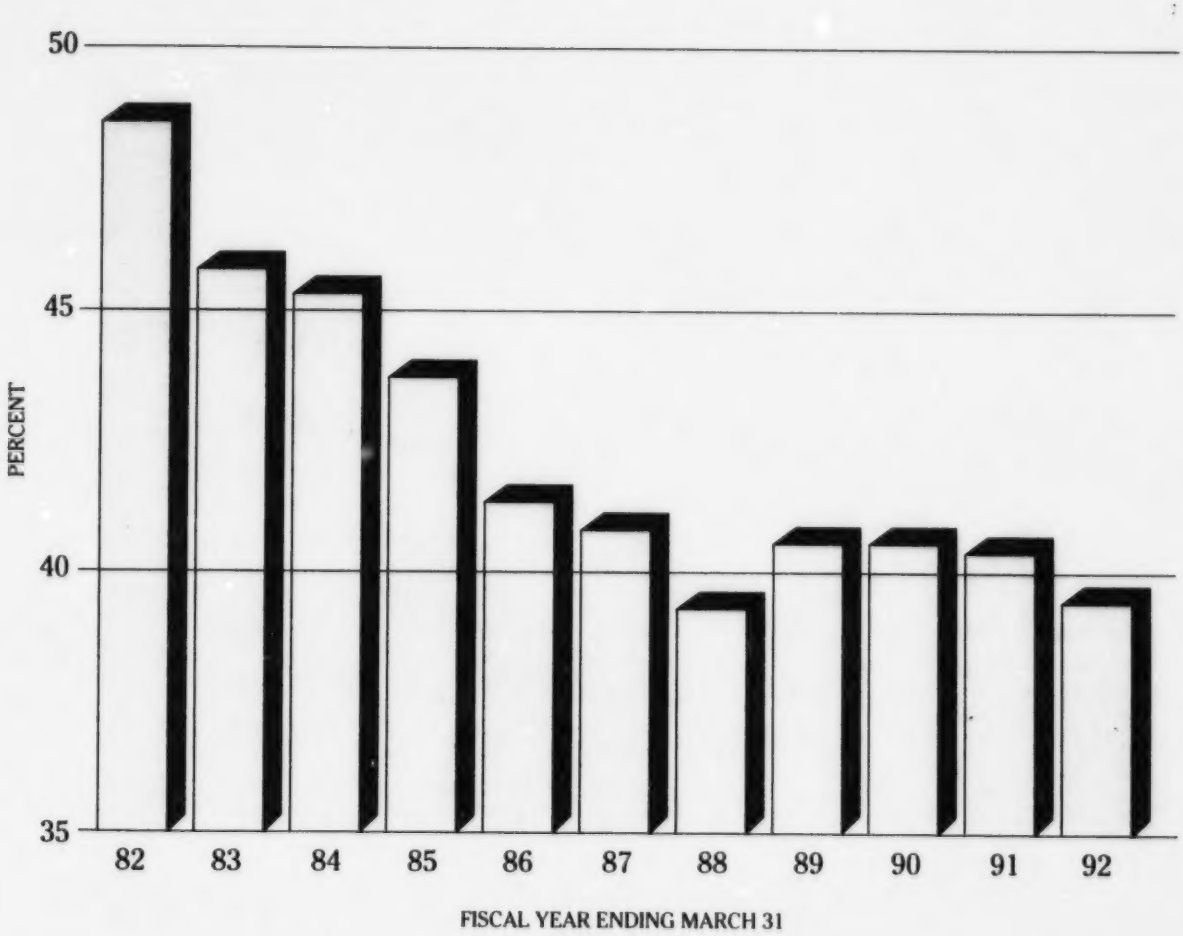
F Forecast

E Estimate

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years' Adjustments.

TRANSFERS FROM THE GOVERNMENT OF CANADA AS A PERCENT OF TOTAL GROSS REVENUES

Chart 4



SUMMARY OF ORDINARY REVENUES AND EXPENDITURES BY SOURCE AND FUNCTION

Schedule 11

(thousands of dollars)

	ESTIMATE 1990-91	FORECAST 1990-91	ESTIMATE 1991-92
ORDINARY REVENUES AND RECOVERIES BY SOURCE			
Provincial Sources			
Income Taxes	1,027,600	1,013,700	1,064,062
Health Services Tax	702,000	636,000	667,000
Tobacco Tax	103,000	118,000	125,000
Motive Fuel Taxes	132,000	140,500	144,000
Liquor Commission Profits	87,000	76,500	79,500
Interest Revenues	77,926	73,161	70,471
Registry of Motor Vehicles	50,657	49,077	49,546
Other Provincial Sources	187,782	169,250	165,611
Federal Sources			
Equalization	917,998	931,600	970,300
Established Programs Financing	350,800	344,200	331,252
Shared Cost Programs	242,137	250,973	282,865
Other Federal Sources	2,313	2,322	2,351
Other Recoveries	101,731	103,080	110,681
Total Ordinary Revenues and Recoveries	**3,982,944**	**3,908,363**	**4,062,639**
ORDINARY EXPENDITURES BY FUNCTION			
General Government	120,760	117,465	124,577
Public Protection	159,575	163,404	168,324
Transportation and Communications	143,648	143,175	147,810
Resource Development	182,032	206,492	191,460
Health	1,164,052	1,172,375	1,246,597
Social Services	455,279	466,194	499,458
Education	1,001,224	1,008,522	1,035,194
Culture and Recreation	37,974	37,961	40,089
Interest on the Public Debt	678,374	674,411	734,555
Municipal Affairs	67,396	67,441	66,351
Total Ordinary Expenditures	**4,010,314**	**4,057,440**	**4,254,415**
Prior Years' Adjustments – Federal-Provincial Fiscal Arrangements	—	16,343	—
Excess of Current Expenditures Over Revenues and Recoveries	27,370	149,077	191,776
Sinking Fund Installments and Serial Retirements	99,974	99,944	107,966

ECONOMIC INDICATORS

GROSS DOMESTIC PRODUCT AT MARKET PRICES

Schedule 12

(millions of dollars)

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1981	7,345	16.7	355,647	14.8
1982	8,462	15.2	373,898	5.1
1983	9,629	13.8	403,262	7.9
1984	10,701	11.1	443,654	10.0
1985	11,934	11.5	477,306	7.6
1986	13,031	9.2	504,124	5.6
1987	13,967	7.2	548,949	8.9
1988	14,898	6.7	603,571	10.0
1989	16,019	7.5	652,835	8.2
1990	16,916	5.6	678,985	4.0
1991	$17,850_p$	5.5	$695,960_p$	2.5

1 Source – Statistics Canada, Provincial Economic Accounts

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

CONSUMER PRICE INDEX

(1986 = 100.0)

Schedule 13

YEAR	HALIFAX[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1981	75.9	11.8	75.5	12.4
1982	83.2	9.6	83.7	10.9
1983	88.6	6.5	88.5	5.7
1984	92.5	4.4	92.4	4.4
1985	96.7	4.5	96.0	3.9
1986	100.0	3.4	100.0	4.2
1987	103.6	3.6	104.4	4.4
1988	107.4	3.7	108.6	4.0
1989	112.5	4.7	114.0	5.0
1990	118.2	5.1	119.5	4.8
1991	125.3_p	6.0	126.3_p	5.7

1 Source – Statistics Canada: "The Consumer Price Index"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

NOTE: The Consumer Price Index measures the percentage change through time in the cost of purchasing a constant "basket" of goods and services representing the purchases made by a population group in a specified time period. The Consumer Price Index is the annual average of monthly indices.

PERSONAL INCOME PER CAPITA

Schedule 14

(dollars)

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1981	9,000	14.5	12,038	16.4
1982	10,212	13.5	13,206	9.7
1983	10,977	7.5	13,831	4.7
1984	11,935	8.7	14,893	7.7
1985	13,276	11.2	15,877	6.6
1986	14,085	6.1	16,823	6.0
1987	15,055	6.9	18,007	7.0
1988	16,069	6.7	19,580	8.7
1989	17,158	6.8	21,092	7.7
1990	$18,217_p$	6.2	$22,423_p$	6.3
1991	$19,119_p$	5.0	$23,292_p$	3.9

1 Source – Nova Scotia Department of Industry, Trade and Technology

P Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

LABOUR FORCE

(thousands of persons)

Schedule 15

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1981	359	0.8	11,899	2.8
1982	360	0.3	11,926	0.2
1983	368	2.2	12,109	1.5
1984	385	4.6	12,316	1.7
1985	385	0.0	12,532	1.8
1986	392	1.8	12,746	1.7
1987	399	1.8	13,011	2.1
1988	408	2.3	13,275	2.0
1989	414	1.5	13,503	1.7
1990	424	2.4	13,681	1.3
1991	427_p	0.7	$13,840_p$	1.2

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

EMPLOYMENT

(thousands of persons)

Schedule 16

YEAR	NOVA SCOTIA[1]	ANNUAL PERCENT CHANGE	CANADA[1]	ANNUAL PERCENT CHANGE
1981	322	0.3	11,001	2.7
1982	313	(2.8)	10,618	(3.5)
1983	319	1.9	10,675	0.5
1984	335	5.0	10,932	2.4
1985	333	(0.6)	11,221	2.6
1986	341	2.4	11,531	2.8
1987	350	2.6	11,861	2.9
1988	366	4.6	12,245	3.2
1989	373	1.9	12,486	2.0
1990	379	1.6	12,572	0.7
1991	377_p	(0.5)	$12,400_p$	(1.4)

1 Source - Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

UNEMPLOYMENT

(thousands of persons)

Schedule 17

YEAR	NOVA SCOTIA[1]		CANADA[1]	
	UNEMPLOYED	UNEMPLOYMENT RATE %	UNEMPLOYED	UNEMPLOYMENT RATE %
1981	36	10.1	898	7.5
1982	47	13.1	1,308	11.0
1983	48	13.2	1,434	11.8
1984	50	13.0	1,384	11.2
1985	52	13.6	1,311	10.5
1986	51	13.1	1,215	9.5
1987	49	12.3	1,150	8.8
1988	42	10.2	1,031	7.8
1989	41	9.9	1,018	7.5
1990	45	10.5	1,109	8.1
1991	50_p	11.7	$1,440_p$	10.4

1 Source – Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Industry, Trade and Technology

NOTE: The Unemployment Statistics shown in this table are annual averages of the monthly indices.